

Strategy and Full Year 2021 Trading Update

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Novacyt S.A.

25 January 2022

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("Novacyt", the "Company" or the "Group")

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Full year revenue and EBITDA in line with expectations

Committed to becoming a leading, global clinical diagnostics company

Paris, France and Camberley, UK - 25 January 2022 - Novacyt (EURONEXT GROWTH: ALNOV; AIM: NCYT), an international specialist in clinical diagnostics, announces an unaudited trading update for the year ended 31 December 2021, together with a strategy update following Chief Executive Officer David Allmond's first 100 days with the Company. Reported revenues and EBITDA for the period are both expected to be in line with expectations. The Company intends to announce its 2021 audited full year results in the week commencing 25 April 2022.

David Allmond, Group Chief Executive Officer of Novacyt, commented:

"In 2021, we delivered a financial performance in line with expectations, excluding our ongoing dispute with the DHSC. This highlighted the agility of the Company to rapidly respond to the changing marketplace for our products, with a noticeable increase in demand from the private market for COVID-19 testing in travel, sport, film, media, and workplace settings.

"During my first 100 days as Chief Executive Officer of Novacyt I have undertaken a holistic review of the business and I am pleased to deliver my preliminary findings. We remain committed to becoming a leading, global clinical diagnostics company in the fight against infectious diseases, which will be enabled by strengthening the team, our core business and enhancing our position as a "global first responder" to outbreaks of novel pathogens. We will also endeavour to streamline our R&D programme to ensure we are keenly focused on commercially attractive opportunities and bringing the right solutions, to the right customers at the right time. We will also re-evaluate how we leverage our products in each of our target global markets as we continue on our path of international expansion.

"I am convinced, as I was when I joined Novacyt in October 2021, that the Company has the key ingredients in place to build towards the next phase of growth and will continue making a significant contribution to global health while delivering value to our shareholders. As we invest in non-COVID-19 product development to tackle high unmet

needs and bolster our business development efforts, I am excited about the future for Novacyt as a strengthened organisation with a clear strategic focus."

Financial highlights

- Underlying revenue for FY2021 was £95.8m, compared to £277.2m for FY2020, excluding £40.8m of DHSC revenues under contractual dispute, as previously announced, in line with management guidance of approximately £100m
- Revenue derived from COVID-19 products accounted for 86% in FY2021, compared to 95% in FY2020
- As announced in August 2021, the year saw a significant shift away from large, centralised contracts towards independent testing, focused on private laboratories and non-governmental organisations (NGOs)
 - o Private laboratory revenues increased by 98% year-on-year from £28.3m to £55.9m, which includes £10.5m of revenue from NGOs
 - o Private testing accounted for 58% of FY2021 revenue at £55.9m, compared to 10% in FY2020 at £28.2m
 - o The UK represented 45% of total revenue in FY2021 at £42.7m versus 79% in FY2020 at £219.4m
- Group gross margin before exceptional items is expected to be in the region of 70%
- FY2021 EBITDA before exceptional items is expected to be above £36.0m (FY2020: £176.1m), i.e. a margin greater than 37%, in line with management guidance of approximately 40%
- The Company's cash position at 31 December 2021 was £101.8m, compared to £91.8m at 31 December 2020 and £77.2m at 30 June 2021

Operational highlights

- Rapid development and launch of 15 new assays to support laboratories, clinicians, and private testing of COVID-19 since the beginning of 2021
- Launch of VersaLab™ mobile processing laboratories and VersaLab™ Portable to expand near-patient testing opportunities in private sector testing
- Inclusion in National Framework Agreement, resulting in a new £4.7m contract with the DHSC for the supply of PROmate® COVID-19 tests to the NHS
- Secured new contracts with WHO and UNICEF for the supply of COVID-19 products
- Growth of new markets for private testing, including travel, sport, film, media, and workplace settings
- Focus on surveillance programme ensuring, to date, the Company's PCR product portfolio remains able to detect all published strains of SARS-CoV-2 with the same high level of accuracy
 - o This includes the most recent variant of concern, Omicron, which is fast becoming the global dominant strain
- David Allmond appointed as Chief Executive Officer and strengthened executive team and commercial operations to support future growth

Initial findings and conclusions from strategic review

Since joining on 18 October 2021, David Allmond has conducted an initial strategic review of the business during his first 100 days as Chief Executive Officer and provides the following key findings. Novacyt has already begun implementing several of the findings from this initial review and intends to expand further on the strategy at the time of its 2021 full year results.

The Company's refined vision is to become a leading, global clinical diagnostics company in the fight against infectious diseases through the three previously announced pillars of product portfolio expansion, geographic expansion and business development. The Company aims to achieve this vision by:

- Strengthening the team and Company's core business to become a sustainable foundation for growth and continuing to drive innovation
- o The core business will consist of COVID-19 and non-COVID-19 in-vitro diagnostics (IVDs), life sciences/research-use-only (RUO) products, and instrumentation
- Maintaining Novacyt's position as a "global first responder" to rapidly address significant disease outbreaks through testing and market surveillance
- o Novacyt has a track record of speed and agility to deliver critical products, as demonstrated in its response to the COVID-19 pandemic, and previous outbreaks including Zika, H1N1 (swine flu), and Ebola

The Company will continue to invest in R&D to deliver new products in respiratory and other areas of high unmet need, which has been a core pillar of its ongoing strategy development since the start of the COVID-19 pandemic. However, it will shift from being a "development led" to a "market led" business, changing how success is measured at the Company from the number of products developed to building a greater understanding of its customers' needs and developing solutions to best meet them. As a consequence, plans have been put in place to conduct more comprehensive upfront market opportunity assessments prior to determining how best to invest to deliver value.

In addition, an international scientific advisory board, and in-country and therapeutic area advisory boards, are being established to assist with market surveillance and direction of future innovation. This is crucial as clinical development, regulatory hurdles, associated costs, and timelines have increased meaning it is important the Company is confident in future value creation before embarking on significant investment in development programmes. In the interim, Novacyt continues to build a strong pipeline of business development opportunities for partnership, licensing, and M&A to strengthen the business and accelerate growth.

Another key pillar of Novacyt's strategic development to date has been geographic expansion, with a focus on building direct sales, marketing, and distribution channels. This focus remains, with the Company now leveraging adjacent markets across Europe with CE marked products, and obtaining targeted registrations to enable sales in additional territories. Beyond its key target markets, the Company will also continue to strengthen and work with its international distributor network to support growth and ensure enhanced global reach for its IVD, RUO and instrumentation portfolios.

As the strategic review of the business continues, the Company is also reviewing the Lab21 and Microgen businesses and considering the merits of maintaining multiple company entities/names under the Novacyt Group umbrella versus a simplified business model and brand, which the Directors believe could be more impactful.

Changes to the Executive Leadership Team to support next phase of growth

Paul Oladimeji has assumed the newly created position of Group Head of Research and Development (R&D), effective from 1 January 2022. Paul is a specialist in nucleic-acid amplification technologies and a neuroscientist by training.

Bryan Close has been appointed Chief Operations Officer, effective from 17 January 2022. Bryan is a Chartered Engineer and brings significant experience within operations, supply chain, and project management gained over a 35-year long career.

Paul Eros, Chief Business Officer, retired at the end of 2021 after four years with the Company. Paul will continue to work with Novacyt on a consultancy basis, focused on business development.

Ongoing dispute with the DHSC

As previously disclosed, the business remains in dispute with the DHSC in relation to a supply contract entered into in Q4 2020. During the course of 2021, the Company endeavoured to show the underlying performance of the business by excluding any financial impact of the disputed revenue. At this time, the Company continues to engage with the DHSC to resolve the dispute and continues to believe it has strong grounds to assert its contractual rights.

2022 outlook

As observed over the last two years, and highlighted in the last two months, the course of this pandemic is unpredictable and so, therefore, is the predictability of testing demand. Currently, the Board expects COVID-19 reported sales could be reduced by around 50% in 2022, versus 2021, which will be partially offset by new non-COVID-19 products which will start to come onstream in Q4 2022.

In the UK, additional uncertainty around product availability has been caused by the implementation of the UK Health Security Agency's Medical Devices (Coronavirus Test Device Approvals) (Amendment) Regulations 2021 ("CTDA"), as previously announced. Whilst Novacyt has so far been successful in receiving approval for one product and having two added to the temporary protocol, eight products remain under review. The Company continues to engage with the UK Health Security Agency and will provide further updates on its tests still under review as appropriate.

The Board believes the Company is well positioned to accelerate investing in non-COVID-19 product development to tackle high unmet needs, expand international reach and bolster its business development efforts.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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About Novacyt Group

The Novacyt Group is an international diagnostics business generating an increasing portfolio of in vitro and molecular diagnostic tests. Its core strengths lie in diagnostics product development, commercialisation, contract design and manufacturing. The Company's lead business units comprise of Primerdesign and Lab21 Products, supplying an extensive range of high-quality assays and reagents worldwide. The Group directly serves microbiology, haematology and serology markets as do its global partners, which include major corporates.

For more information, please refer to the website: www.novacyt.com

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